

Message Text

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17

ACTION XMB-04

INFO OCT-01 EA-06 ISO-00 NASA-01 TRSE-00 OMB-01 EB-07

OTPE-00 CIAE-00 INR-07 NSAE-00 RSC-01 COME-00 EUR-12

SSO-00 INRE-00 /040 W

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O 150745Z JAN 75

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC NIACT IMMEDIATE 6109

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PASS EXIMBANK FOR GLICK OPENING OF BUSINESS JAN 15

EO 11652: N/A

TAGS: ETEL BFIN BTIO ID

SUBJ: INDONESIAN DOMESTIC SATELLITE PROJECT

REF: STATE 2208 AND PREVIOUS

1. ITT OFFICERS INCLUDING SENIOR VICE PRES HONG KONG HAD URGENT MEETING WITH AMBASSADOR JAN 15 TO ASK HELP IN PREVENTING WHAT THEY FEAR IS IMMINENT COLLAPSE OF FINANCING ARRANGEMENTS FOR MAJOR PORTION DOMESTIC SATELLITE PROJECT, WITH POSSIBLE LOSS OF US EXPORT INVOLVED IN ABOUT FORTY EARTH STATIONS.

2. ACCORDING ITT REPS, THEY WERE SUMMONED TO MEETING WITH GENERAL SOEHARDJONO (DIRECTOR GENERAL OF TELECOMMUNICATIONS) AND OFFICIALS OF FINANCE AND BANK INDONESIA JANUARY 13. SOEHARDJONO SAID EUROPEAN FIRMS INCLUDING ITT OF BELGIUM WERE BEING INVITED TO BID ON DOMSAT GROUND STATIONS (WHICH UNDER EXIM FINANCING ARE TO BE DIVIDED AMONG HUGHES, ITT AND PHILCO FORD). REASON GIVEN WAS THAT INDONESIANS HERE HAD NO WORD FROM EXIM ON GOI REQUEST FOR INCREASE IN EXIM FINANCING TO COVER PRICE ESCALATION

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FROM \$91 MILLION TO \$153 MILLION. FURTHERMORE,

SOEHARDJONO REPORTEDLY SAID THAT EVEN IF EXIM AGREED TO FINANCE 40 PERCENT OF \$153 MILLION, THIS WOULD BRING EXIM LOAN ABOVE \$60 MILLION WHICH WOULD REQUIRE SUBMISSION TO CONGRESS. BECAUSE OF TWENTY-FIVE LEGISLATIVE DAY DELAY GOI LOOKING FOR ALTERNATIVES. GOI MAY BE CONTEMPLATING USING \$36.6 MILLION EXIM CREDIT JUST FOR SPACE PORTION (SATELLITES, INSUREANCE, ETC) AND POSSIBLY SOME JAVA EARTH STATIONS TO BE SUPPLIED BY HUGHES. REMAINING EARTH STATIONS WOULD OPENED UP TO BIDDING BY EUROPEANS. (ITT SERIOUSLY CONCERNED ABOUT FRENCH COMPETITION.)

3. AMBASSADOR PROMISED AS FIRST STEP WE WOULD QUERY EXIM ON STATUS. WE UNDERSTAND FROM JULIANTO OF MINFIN THAT SALEH AFFIF WAS TO SEEK GLICK ON INCREASED EXIM LOAN AM JANUARY 15. COMMERCIAL COUNSELOR COHN WILL TELEPHONE GLICK 0930 WEDNESDAY(WASHINGTON TIME) JANUARY 15 TO DISCUSS THIS MATTER. NEWSOM

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Message Attributes

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Margaret P. Grafeld
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